

BOARD OF TRUSTEES
- OF THE -
FIRE FIGHTER'S PENSION AND RELIEF FUND
FOR THE CITY OF NEW ORLEANS
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BOARD RESPONSE TO WVUE STORIES

A number of WVUE stories have questioned actions taken by your Board of Trustees and suggest we are making decisions that are not in the best interest of the Fund's members. Your Board of Trustees has always acted in the best interest of the Fund's members. We have worked long hours and committed much time to due diligence in the management of the Fund for the benefit of all active, retired and disabled Firefighters as well as their widows and minor children. The stories run have committed a great injustice to the ongoing work the Trustees perform by using selective editing, misrepresentations and distortion of many facts. The following will set the record straight.

LSA-R.S. 11:3363 clearly states the Board has the authority to employ personnel, professional advisors, legal and technical assistants, and pay compensation for services rendered. The statute goes on to say the Board shall have exclusive control of the allocation of funds and the payment of funds for operational expenses.

The elected members of your Board of Trustees spend an average of 16 or more hours per month in meetings and an additional 60 or more hours per year in local education, due diligence and investment evaluation so they can deliver the best possible decisions and management of the Fund. The Board's first in, last out attendance policy at educational seminars and conferences has earned the Board and your Fund immense respect among fellow trustees and industry professionals. No one works harder for their members than your Board and your Fund's professionals.

WVUE has challenged the salaries paid to the Fund's staff, with a main focus on the Fund's CEO. The Personnel Committee used data from a national study detailing the salaries of Public Fund CEOs and Executive Directors who served in that capacity for approximately 8 years. The average salary range was \$150,000 to \$160,000. The Louisiana statewide range was \$46,000 to \$250,000. There were at least 6 salaries that exceeded \$150,000, none of which were shown in the WVUE report. Also not stated were the compensation packages that add value above their salaries. Staff members for New Orleans Firefighter Pension Fund do not have an employer funded defined benefit pension plan and they pay for their own hospitalization.

The WVUE stories also questioned the continuation of Richard Hampton's employment as CEO for a brief period in 2009. We understand a free lance opinion was offered to WVUE from a local "ethics" lawyer suggesting that a violation of ethics law had occurred. The Board's authority, under the governing statutes that created the original contract in 2001, constituted that continuation of employment for the transition period in question was both necessary and lawful. In fact, the State Ethics Board was duly notified in the previous year and the year thereafter of that employment and all other required disclosures. Those reports were and continue to be posted on line. Moreover, all transactions related to this transitional employment were discussed in open meetings of the Board attended by Trustees and City officials. The annual audit required by law also reviewed the relationship and disclosed same in the annual financial statement. The Trustees have historically asked for and received guidance from either the State Attorney General and the State Ethics Commission regarding various aspects of their duties and responsibilities.

The WVUE Lee Zurik news report has created a very negative and unfair perception on Board and Fund expenditures. The majority of expenses incurred while Board members were attending the Fund's annual week long Educational and Investment Review. When the costs of the meals are added together, the cost per member averaged \$50 per meal. In order to erase this negative perception of tax dollars and Fund dollars ill spent, the elected Board members expressed their intent to reimburse all meal expenses reported in Lee Zurik's story. In addition, the elected Board members agree to reimburse the Fund any other expenditure the Expense Committee recommends.

Last Thursday, October 4, 2012 at its regular monthly Board Meeting, the Board of Trustees took several proactive steps to address Pension Fund members' concerns. The Board voted to suspend use of all Trustee credit cards. Only one office staff credit card will remain active to pay office related expenses.

The Board also appointed an Expense Committee:

Trustees: Keith Noya, Darryl Klumpp, Dean DiSalvo, Tim McConnell,
Finance Director Norman Foster

Advisory Committee: Richard Conners, Kenneth Prevost

The Expense Committee will review and update the Fund's expense policy. They will also review all expenditures and report back to the Board of Trustees their recommendations. Until the Committee reports their recommendations, all Trustee expenses will have to first be paid personally then submitted for approval to the Expense Committee for reimbursement.

The Board will continue to advertise all Committee and Board meetings in advance and all meetings will be open to the public.

We have attached a response from Consulting Services Group on the WVUE story run on their firm and the Fund's investments.

The Board is planning an Investment Meeting for all members (Active and Retired) in the very near future. The Fund's consultant, Joe Meals, with Consulting Services Group will be present. The goal of the meeting is to explain every investment in the Fund's portfolio and to answer any and all questions members may have. The Board looks forward to the opportunity to show our members how greater knowledge and understanding of exactly how your investments and benefits work to secure the financial future for you and your family.

As always, the Board thanks you for your time, patience, understanding and support. It gives us the strength to persevere for all.